

AMENDED IN ASSEMBLY SEPTEMBER 6, 2013

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AMENDED IN SENATE FEBRUARY 6, 2013

SENATE BILL

No. 13

Introduced by Senator Beall

December 3, 2012

An act to amend Sections 7522.02, 7522.04, 7522.10, 7522.25, 7522.30, 7522.32, 7522.34, 7522.40, 7522.43, 7522.56, 7522.72, 7522.74, 20683.2, 21400, 31494.1, 31800, 31808, and 31812 of, and to repeal Section 7522.66 of, the Government Code, relating to public employees' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 13, as amended, Beall. Public employees' retirement benefits.

(1) The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS) and the Teachers' Retirement Law establishes the State Teachers' Retirement System for the purpose of providing pension benefits to specified public employees. Existing law also establishes the Judges' Retirement System II which provides pension benefits to elected judges and the Legislators' Retirement System which provides pension benefits to elective officers of the state other than judges and to legislative statutory officers. The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees.

The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, requires a public retirement

system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit pension plan, setting the maximum benefit allowable for employees first hired on or after January 1, 2013, as a formula commonly known as 2.5% at age 67 for nonsafety members, one of 3 formulas for safety members, 2% at age 57, 2.5% at age 57, or 2.7% at age 57, and 1.25% at age 67 for new state miscellaneous or industrial members who elect to be in Tier 2. Under PEPPRA, the Judges' Retirement System and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in certain other provisions.

This bill would correct an erroneous cross-reference in the above provision and would instead specify that the Judges' Retirement System and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in other provisions for nonsafety and safety members. The bill would except from PEPPRA certain multiemployer plans authorized under, and regulated by, specified federal law. *The bill would also except from PEPPRA public employees whose collective bargaining rights are subject to specified provisions of federal law until a specified federal district court decision on certification by the United States Secretary of Labor, or his or her designee, or until January 1, 2015, whichever is sooner. The bill would also provide that if a federal district court upholds the determination of the United States Secretary of Labor, or his or her designee, that application of PEPPRA to those public employees precludes certification, those employees are excepted from PEPPRA.* The bill would clarify the application of PEPPRA to employees who were employed prior to January 1, 2013, who have service credit in a different retirement system or who change positions for the same employer without a break in service, as specified. The bill would authorize a public retirement system to adopt regulations and resolutions in order to modify its retirement plan or plans to conform with PEPPRA.

(2) PEPPRA authorizes a public employer offering a retirement benefit plan consisting solely of a defined contribution plan prior to January 1, 2013, to continue to offer that plan instead of the defined benefit plan required pursuant to PEPPRA. However, PEPPRA requires an employer that adopts a new defined benefit pension plan or defined benefit formula on or after January 1, 2013, to conform the plan or formula to the requirements of PEPPRA or be determined and certified by the retirement system's chief actuary and the system's board to have no greater risk

and no greater cost to the employer than the defined benefit formula and to be approved by the Legislature. Under that law, new members of the employer's plan may only participate in the defined contribution plan that was in place before January 1, 2013, or a defined contribution plan or defined benefit formula that conforms to the requirements of PEPRA.

This bill would specify that the above provisions are not to be construed to prohibit an employer from offering a defined contribution plan on or after January 1, 2013, either with or without a defined benefit plan, if the employer did not offer a defined contribution plan prior to that date.

(3) PEPRA defines pensionable compensation for new members and limits payments and compensation that may be used to calculate a defined benefit for new members and provides that this number shall be adjusted based on changes to the Consumer Price Index for All Urban Consumers. PEPRA permits an employer to provide a contribution to a defined contribution plan for compensation that is in excess of that limit subject to other limits described in federal law. PEPRA excludes specified payments from the definition of pensionable compensation.

This bill would specify the method by which adjustments to pensionable compensation limits based on the Consumer Price Index are to be made and which consumer price index is to be used for this purpose. The bill would revise how limits on an employer's contributions to a defined contribution plan are to be determined, as specified, and would specifically authorize a retirement system to limit the pensionable compensation used to calculate contributions for new members in this regard. The bill would specify that the exclusions from pensionable compensation apply to new members. The bill would prescribe requirements for exclusions from pensionable compensation that are collectively bargained with represented employees or imposed on nonrepresented employees.

(4) On and after January 1, 2013, PEPRA requires each retirement system that offers a defined benefit plan for safety members of the system to use one or more of specified defined benefit formulas and requires an employer to offer one or more of those formulas to new employees who are safety employees eligible for membership in the program.

This bill would instead require an employer to offer one or more of those formulas to new members who are safety employees.

(5) On and after January 1, 2013, PEPPRA requires new employees of specified public employers, the California State University, and the judicial branch who participate in a defined benefit plan to have an initial contribution rate of at least 50% of the normal cost rate for that defined benefit plan, rounded to the nearest $\frac{1}{4}$ of 1%, or the current contribution rate of similarly situated employees, whichever is greater.

This bill would make that provision applicable to new members employed by those entities and new members employed by the Legislature. ~~The bill would except from these provisions a judge who was elected to office prior to January 1, 2013, despite not assuming that office and becoming a member of the Judges' Retirement System II for the first time until January 1, 2013, or after that date.~~ The bill would also specify that this contribution rate for new members shall be the greater of the above 2 rates, if the greater, current contribution rate has been agreed to through the collective bargaining process. The bill would specify, with regard to the definition of normal cost, that a retirement system's actuary may use either of 2 rates of contribution, as may be applicable to the retirement system. The bill would require that, for purposes of calculating the normal cost rate, the actuarial valuation of retirement benefits includes any elements that impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments.

(6) PEPPRA provides, for the purpose of determining a retirement benefit paid to a person who first becomes a member of a public retirement system on or after January 1, 2013, that final compensation means the member's highest average annual pensionable compensation earned, as defined, during a period of at least 36 consecutive months, or at least 3 school years, as specified.

This bill would provide for the purpose defining final compensation, as described above, the school years are to be consecutive.

(7) PEPPRA prohibits a public employer from providing a retirement health benefit vesting schedule to a manager or an employee or officer who is excluded from collective bargaining that is more advantageous than that provided generally to other public employees of the same employer who are in related membership classifications.

This bill would clarify that these provisions do not require an employer to change the vesting schedule of any employee who was subject to a specific retiree health benefit vesting schedule prior to January 1, 2013, or who had a contractual agreement prior to January

1, 2013, for a specific retiree health vesting schedule and make technical changes.

(8) On and after January 1, 2013, PEPRA prohibits a public employer from offering a plan of replacement benefits for members and any survivors or beneficiaries whose retirement benefits are limited by specified federal law. On and after January 1, 2013, PEPRA makes that prohibition and certain other provisions related to replacement benefits applicable to new employees.

This bill would instead make those provisions applicable to new members.

(9) PEPRA generally prohibits a retired person who retires from a public employer from serving, being employed by, or being employed through a contract directly by, a public employer in the same retirement system from which the retiree receives a pension benefit without reinstatement, subject to certain exceptions and limitations. The act prohibits reemployment of a retiree pursuant to these provisions for a period of 180 days following the date of retirement unless he or she falls within certain exceptions to the prohibition, of which one is that the retiree is a public safety officer or a firefighter.

This bill would clarify that, for a retiree who is a public safety officer or a firefighter, he or she must be hired to perform a function or functions regularly performed by a safety officer or firefighter.

(10) PEPRA, until January 1, 2018, authorizes a safety member of a public retirement system who retires for industrial disability to receive a disability retirement equal to the greater of specified benefit amounts.

This bill would repeal the above provision.

(11) PEPRA requires that a public employee, including one who is elected or appointed to a public office, who is convicted of any state or federal felony for conduct arising out of, or in the performance of, his or her official duties in pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits, forfeit rights, and benefits earned or accrued from the earliest date of the commission of the felony to the forfeiture date, as specified.

This bill would provide that these provisions supplement the application of specified forfeiture provisions with respect to a judge and, if there is a conflict, the provisions that result in the greatest forfeiture or provide the most stringent procedural requirements shall apply.

(12) PERL prescribes increases in required employee defined benefit plan contributions, in relation to the normal cost of benefits, for specified bargaining units. PERL requires that contribution rates for employees who are exempted from the definition of state employee and for officers and employees of the executive, legislative, or judicial branches of government who are not members of the civil service be adjusted consistent with those provisions.

This bill would apply the provisions described above to state employees excluded from collective bargaining. The bill would authorize the California State University, on or after January 1, 2018, to require that its member employees pay up to certain percentages of the normal cost of benefits, depending on employment classification, as specified.

(13) Under PEPPRA, a state safety member of PERS who retires on or after January 1, 2013, for industrial disability receives a disability retirement benefit equal to the greater of certain benefits, including, among others, 50% of his or her final compensation, plus an annuity purchased with his or her accumulated contributions, if any.

This bill would clarify that the portion of the industrial disability retirement benefit described above refers to an annuity purchased with the member's accumulated additional contributions.

(14) The County Employees Retirement Law of 1937 (CERL) establishes an alternative retirement plan that is applicable to Los Angeles, which includes both contributory and noncontributory plans. CERL prescribes specified formulas for computation of the retirement allowance payable for a service retirement, and for the computation of contributions, for certain members, including those to whom the federal Social Security Act applies.

This bill would make a technical change in the alternate retirement plan that is applicable to Los Angeles. The bill would specify that certain formulas prescribed by CERL do not apply to a person who becomes a member of a county retirement system under a benefit plan subject to PEPPRA, as specified.

(15) This bill would make legislative findings and declarations regarding its relation to existing law and intended application.

(16) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares that this act clarifies the California Public Employees' Pension Reform Act of 2013, is declaratory of existing law, and is intended to apply concurrently with the initial operation of that act.

SEC. 2. Section 7522.02 of the Government Code is amended to read:

7522.02. (a) (1) Notwithstanding any other law, except as provided in this article, on and after January 1, 2013, this article shall apply to all state and local public retirement systems and to their participating employers, including the Public Employees' Retirement System, the State Teachers' Retirement System, the Legislators' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. However, this article shall be subject to the Internal Revenue Code and Section 17 of Article XVI of the California Constitution. The administration of the requirements of this article shall comply with applicable provisions of the Internal Revenue Code and the Revenue and Taxation Code.

(2) Notwithstanding paragraph (1), this article shall not apply to the entities described in Section 9 of Article IX of, and Sections 4 and 5 of Article XI of, the California Constitution, except to the extent that these entities continue to be participating employers in any retirement system governed by state statute. Accordingly, any retirement plan approved before January 1, 2013, by the voters of any entity excluded from coverage by this section shall not be affected by this article.

(3) (A) *Notwithstanding paragraph (1), this article shall not apply to a public employee whose interests are protected under Section 5333(b) of Title 49 of the United States Code until a federal district court rules that the United States Secretary of Labor, or his or her designee, erred in determining that the application of this article precludes certification under that section, or until January 1, 2015, whichever is sooner.*

(B) *If a federal district court upholds the determination of the United States Secretary of Labor, or his or her designee, that*

1 *application of this article precludes him or her from providing a*
2 *certification under Section 5333(b) of Title 49 of the United States*
3 *Code, this article shall not apply to a public employee specified*
4 *in subparagraph (A).*

5 ~~(3)~~

6 (4) Notwithstanding paragraph (1), this article shall not apply
7 to a multiemployer plan authorized by Section 302(c)(5) of the
8 ~~Taft-Harley~~ Taft-Hartley Act (29 U.S.C. Sec. 186(c)(5)) if the
9 public employer began participation in that plan prior to January
10 1, 2013, and the plan is regulated by the Employee Retirement
11 Income Security Act of 1974.

12 (b) The benefit plan required by this article shall apply to public
13 employees who are new members as defined in Section 7522.04.

14 (c) (1) Individuals who were employed by any public employer
15 before January 1, 2013, and who became employed by a subsequent
16 public employer for the first time on or after January 1, 2013, shall
17 be subject to the retirement plan that would have been available
18 to employees of the subsequent employer who were first employed
19 by the subsequent employer on or before December 31, 2012, if
20 the individual was subject to concurrent membership for which
21 creditable service was performed in the previous six months or
22 reciprocity established under any of the following provisions:

23 (A) Article 5 (commencing with Section 20350) of Chapter 3
24 of Part 3 of Division 5 of Title 2.

25 (B) Chapter 3 (commencing with Section 31450) of Part 3 of
26 Division 4 of Title 3.

27 (C) Any agreement between public retirement systems to provide
28 reciprocity to members of the systems.

29 (D) Section 22115.2 of the Education Code.

30 (2) An individual who was employed before January 1, 2013,
31 and who, without a separation from employment, changed
32 employment positions and became subject to a different defined
33 benefit plan in a different public retirement system offered by his
34 or her employer shall be subject to that defined benefit plan as it
35 would have been available to employees who were first employed
36 on or before December 31, 2012.

37 (d) If a public employer, before January 1, 2013, offers a defined
38 benefit pension plan that provides a defined benefit formula with
39 a lower benefit factor at normal retirement age and results in a
40 lower normal cost than the defined benefit formula required by

1 this article, that employer may continue to offer that defined benefit
2 formula instead of the defined benefit formula required by this
3 article, and shall not be subject to the requirements of Section
4 7522.10 for pensionable compensation subject to that formula.
5 However, if the employer adopts a new defined benefit formula
6 on or after January 1, 2013, that formula must conform to the
7 requirements of this article or must be determined and certified by
8 the retirement system's chief actuary and the retirement board to
9 have no greater risk and no greater cost to the employer than the
10 defined benefit formula required by this article and must be
11 approved by the Legislature. New members of the defined benefit
12 plan may only participate in the lower cost defined benefit formula
13 that was in place before January 1, 2013, or a defined benefit
14 formula that conforms to the requirements of this article or is
15 approved by the Legislature as provided in this subdivision.

16 (e) If a public employer, before January 1, 2013, offers a
17 retirement benefit plan that consists solely of a defined contribution
18 plan, that employer may continue to offer that plan instead of the
19 defined benefit pension plan required by this article. However, if
20 the employer adopts a new defined benefit pension plan or defined
21 benefit formula on or after January 1, 2013, that plan or formula
22 must conform to the requirements of this article or must be
23 determined and certified by the retirement system's chief actuary
24 and the system's board to have no greater risk and no greater cost
25 to the employer than the defined benefit formula required by this
26 article and must be approved by the Legislature. New members of
27 the employer's plan may only participate in the defined
28 contribution plan that was in place before January 1, 2013, or a
29 defined contribution plan or defined benefit formula that conforms
30 to the requirements of this article. This subdivision shall not be
31 construed to prohibit an employer from offering a defined
32 contribution plan on or after January 1, 2013, either with or without
33 a defined benefit plan, whether or not the employer offered a
34 defined contribution plan prior to that date.

35 (f) The Judges' Retirement System and the Judges' Retirement
36 System II shall not be required to adopt the defined benefit formula
37 required by Section 7522.20 or 7522.25 or the compensation
38 limitations defined in Section 7522.10.

39 (g) This article shall not be construed to provide membership
40 in any public retirement system for an individual who would not

1 otherwise be eligible for membership under that system's
2 applicable rules or laws.

3 (h) On and after January 1, 2013, each public retirement system
4 shall modify its plan or plans to comply with the requirements of
5 this article and may adopt regulations or resolutions for this
6 purpose.

7 SEC. 3. Section 7522.04 of the Government Code is amended
8 to read:

9 7522.04. For the purposes of this article:

10 (a) "Defined benefit formula" means a formula used by the
11 retirement system to determine a retirement benefit based on age,
12 years of service, and pensionable compensation earned by an
13 employee up to the limit defined in Section 7522.10.

14 (b) "Employee contributions" means the contributions to a public
15 retirement system required to be paid by a member of the system,
16 as fixed by law, regulation, administrative action, contract, contract
17 amendment, or other written agreement recognized by the
18 retirement system as establishing an employee contribution.

19 (c) "Federal system" means the old age, survivors, disability,
20 and health insurance provisions of the federal Social Security Act
21 (42 U.S.C. Sec. 301 et seq.).

22 (d) "Member" means a public employee who is a member of
23 any type of a public retirement system or plan.

24 (e) "New employee" means either of the following:

25 (1) An employee, including one who is elected or appointed, of
26 a public employer who is employed for the first time by any public
27 employer on or after January 1, 2013, and who was not employed
28 by any other public employer prior to that date.

29 (2) An employee, including one who is elected or appointed, of
30 a public employer who is employed for the first time by any public
31 employer on or after January 1, 2013, and who was employed by
32 another public employer prior to that date, but who was not subject
33 to reciprocity under subdivision (c) of Section 7522.02.

34 (f) "New member" means any of the following:

35 (1) An individual who becomes a member of any public
36 retirement system for the first time on or after January 1, 2013,
37 and who was not a member of any other public retirement system
38 prior to that date.

39 (2) An individual who becomes a member of a public retirement
40 system for the first time on or after January 1, 2013, and who was

1 a member of another public retirement system prior to that date,
2 but who was not subject to reciprocity under subdivision (c) of
3 Section 7522.02.

4 (3) An individual who was an active member in a retirement
5 system and who, after a break in service of more than six months,
6 returned to active membership in that system with a new employer.
7 For purposes of this subdivision, a change in employment between
8 state entities or from one school employer to another shall not be
9 considered as service with a new employer.

10 (g) “Normal cost” means the portion of the present value of
11 projected benefits under the defined benefit that is attributable to
12 the current year of service, as determined by the public retirement
13 system’s actuary according to the most recently completed
14 valuation. For the purpose of determining normal cost, the system’s
15 actuary may use a single rate of contribution or an age-based rate
16 of contribution as is applicable to that retirement system.

17 (h) “Public employee” means an officer, including one who is
18 elected or appointed, or an employee of a public employer.

19 (i) “Public employer” means:

20 (1) The state and every state entity, including, but not limited
21 to, the Legislature, the judicial branch, including judicial officers,
22 and the California State University.

23 (2) Any political subdivision of the state, or agency or
24 instrumentality of the state or subdivision of the state, including,
25 but not limited to, a city, county, city and county, a charter city, a
26 charter county, school district, community college district, joint
27 powers authority, joint powers agency, and any public agency,
28 authority, board, commission, or district.

29 (3) Any charter school that elects or is required to participate
30 in a public retirement system.

31 (j) “Public retirement system” means any pension or retirement
32 system of a public employer, including, but not limited to, an
33 independent retirement plan offered by a public employer that the
34 public employer participates in or offers to its employees for the
35 purpose of providing retirement benefits, or a system of benefits
36 for public employees that is governed by Section 401(a) of Title
37 26 of the United States Code.

38 SEC. 4. Section 7522.10 of the Government Code is amended
39 to read:

1 7522.10. (a) On and after January 1, 2013, each public
2 retirement system shall modify its plan or plans to comply with
3 the requirements of this section for each public employer that
4 participates in the system.

5 (b) Whenever pensionable compensation, as defined in Section
6 7522.34, is used in the calculation of a benefit, the pensionable
7 compensation shall be subject to the limitations set forth in
8 subdivision (c).

9 (c) The pensionable compensation used to calculate the defined
10 benefit paid to a new member who retires from the system shall
11 not exceed the following applicable percentage of the contribution
12 and benefit base specified in Section 430(b) of Title 42 of the
13 United States Code on January 1, 2013:

14 (1) One hundred percent for a member whose service is included
15 in the federal system.

16 (2) One hundred twenty percent for a member whose service is
17 not included in the federal system.

18 (d) (1) The retirement system shall adjust the pensionable
19 compensation described in subdivision (c) based on the annual
20 changes to the Consumer Price Index for All Urban Consumers:
21 U.S. City Average, calculated by dividing the Consumer Price
22 Index for All Urban Consumers: U.S. City Average, for the month
23 of September in the calendar year preceding the adjustment by the
24 Consumer Price Index for All Urban Consumers: U.S. City
25 Average, for the month of September of the previous year rounded
26 to the nearest thousandth. The adjustment shall be effective
27 annually on January 1, beginning in 2014.

28 (2) The Legislature reserves the right to modify the requirements
29 of this subdivision with regard to all public employees subject to
30 this section, except that the Legislature may not modify these
31 provisions in a manner that would result in a decrease in benefits
32 accrued prior to the effective date of the modification.

33 (e) A public employer shall not offer a defined benefit or any
34 combination of defined benefits, including a defined benefit offered
35 by a private provider, on compensation in excess of the limitation
36 in subdivision (c).

37 (f) (1) Subject to the limitation in subdivision (c) of Section
38 7522.42, a public employer may provide a contribution to a defined
39 contribution plan for compensation in excess of the limitation in

subdivision (c) provided the plan and the contribution meet the requirements and limits of federal law.

(2) A public employee who receives an employer contribution to a defined contribution plan shall not have a vested right to continue receiving the employer contribution.

(g) Any employer contributions to any employee defined contribution plan above the pensionable compensation limits in subdivision (c) shall not exceed the employer's contribution rate, as a percentage of pay, required to fund the defined benefit plan for income subject to the limitation in subdivision (c) of Section 7522.42.

(h) The retirement system shall limit the pensionable compensation used to calculate the contributions required of an employer or a new member to the amount of compensation that would be used for calculating a defined benefit as set forth in subdivision (c) or (d).

SEC. 5. Section 7522.25 of the Government Code is amended to read:

7522.25. (a) Each retirement system that offers a defined benefit plan for safety members of the system shall use one or more of the defined benefit formulas prescribed by this section. A member may retire for service under any of the formulas in this section after five years of service and upon reaching 50 years of age.

(b) The Basic Safety Plan shall provide a pension at retirement for service equal to the percentage of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding quarter year, in the following table, multiplied by the number of years of service in the system as a safety member.

Age at Retirement	Fraction
50	1.426
50 1/4.....	1.447
50 1/2.....	1.467
50 3/4.....	1.488
51	1.508
51 1/4.....	1.529
51 1/2.....	1.549
51 3/4.....	1.570

1	52	1.590
2	52 $\frac{1}{4}$	1.611
3	52 $\frac{1}{2}$	1.631
4	52 $\frac{3}{4}$	1.652
5	53	1.672
6	53 $\frac{1}{4}$	1.693
7	53 $\frac{1}{2}$	1.713
8	53 $\frac{3}{4}$	1.734
9	54	1.754
10	54 $\frac{1}{4}$	1.775
11	54 $\frac{1}{2}$	1.795
12	54 $\frac{3}{4}$	1.816
13	55	1.836
14	55 $\frac{1}{4}$	1.857
15	55 $\frac{1}{2}$	1.877
16	55 $\frac{3}{4}$	1.898
17	56	1.918
18	56 $\frac{1}{4}$	1.939
19	56 $\frac{1}{2}$	1.959
20	56 $\frac{3}{4}$	1.980
21	57 and over	2.000

22
 23 (c) The Safety Option Plan One shall provide a pension at
 24 retirement for service equal to the percentage of the member's
 25 final compensation set forth opposite the member's age at
 26 retirement, taken to the preceding quarter year, in the following
 27 table, multiplied by the number of years of service in the system
 28 as a safety member.

29		
30	Age at Retirement	Fraction
31	50	2.000
32	50 $\frac{1}{4}$	2.018
33	50 $\frac{1}{2}$	2.036
34	50 $\frac{3}{4}$	2.054
35	51	2.071
36	51 $\frac{1}{4}$	2.089
37	51 $\frac{1}{2}$	2.107
38	51 $\frac{3}{4}$	2.125
39	52	2.143
40	52 $\frac{1}{4}$	2.161

1	52 $\frac{1}{2}$	2.179
2	52 $\frac{3}{4}$	2.196
3	53	2.214
4	53 $\frac{1}{4}$	2.232
5	53 $\frac{1}{2}$	2.250
6	53 $\frac{3}{4}$	2.268
7	54	2.286
8	54 $\frac{1}{4}$	2.304
9	54 $\frac{1}{2}$	2.321
10	54 $\frac{3}{4}$	2.339
11	55.....	2.357
12	55 $\frac{1}{4}$	2.375
13	55 $\frac{1}{2}$	2.393
14	55 $\frac{3}{4}$	2.411
15	56.....	2.429
16	56 $\frac{1}{4}$	2.446
17	56 $\frac{1}{2}$	2.464
18	56 $\frac{3}{4}$	2.482
19	57 and over.....	2.500

20

21 (d) The Safety Option Plan Two shall provide a pension at
 22 retirement for service equal to the percentage of the member's
 23 final compensation set forth opposite the member's age at
 24 retirement, taken to the preceding quarter year, in the following
 25 table, multiplied by the number of years of service in the system
 26 as a safety member.

27

28	Age at Retirement	Fraction
29	50	2.000
30	50 $\frac{1}{4}$	2.025
31	50 $\frac{1}{2}$	2.050
32	50 $\frac{3}{4}$	2.075
33	51	2.100
34	51 $\frac{1}{4}$	2.125
35	51 $\frac{1}{2}$	2.150
36	51 $\frac{3}{4}$	2.175
37	52	2.200
38	52 $\frac{1}{4}$	2.225
39	52 $\frac{1}{2}$	2.250
40	52 $\frac{3}{4}$	2.275

1	53	2.300
2	53 $\frac{1}{4}$	2.325
3	53 $\frac{1}{2}$	2.350
4	53 $\frac{3}{4}$	2.375
5	54	2.400
6	54 $\frac{1}{4}$	2.425
7	54 $\frac{1}{2}$	2.450
8	54 $\frac{3}{4}$	2.475
9	55	2.500
10	55 $\frac{1}{4}$	2.525
11	55 $\frac{1}{2}$	2.550
12	55 $\frac{3}{4}$	2.575
13	56	2.600
14	56 $\frac{1}{4}$	2.625
15	56 $\frac{1}{2}$	2.650
16	56 $\frac{3}{4}$	2.675
17	57 and over	2.700

18

19 (e) On and after January 1, 2013, an employer shall offer one
20 or more of the safety formulas prescribed by this section to new
21 members who are safety employees. The formula offered shall be
22 the formula that is closest to, and provides a lower benefit at 55
23 years of age than, the formula provided to members in the same
24 retirement classification offered by the employer on December
25 31, 2012.

26 (f) On and after January 1, 2013, an employer and its employees
27 subject to Safety Option Plan One or Safety Option Plan Two may
28 agree in a memorandum of understanding to be subject to Safety
29 Option Plan One or the Basic Safety Plan, subject to the following:

30 (1) The lower plan shall apply to members first employed on
31 or after the effective date of the lower plan, and shall be agreed to
32 in a memorandum of understanding that has been collectively
33 bargained in accordance with applicable laws.

34 (2) A retirement plan contract amendment with a public
35 retirement system to alter a retirement formula pursuant to this
36 subdivision shall not be implemented by the employer in the
37 absence of a memorandum of understanding that has been
38 collectively bargained in accordance with applicable laws.

39 (3) An employer shall not use impasse procedures to impose
40 the lower plan.

1 (4) An employer shall not provide a different defined benefit
2 for nonrepresented, managerial, or supervisory employees than
3 the employer provides for other public employees, including
4 represented employees, of the same employer who are in the same
5 membership classifications.

6 (g) Pensionable compensation used to calculate the defined
7 benefit shall be limited as described in Section 7522.10.

8 SEC. 6. Section 7522.30 of the Government Code is amended
9 to read:

10 7522.30. (a) This section shall apply to all public employers
11 and to all new members. Equal sharing of normal costs between
12 public employers and public employees shall be the standard. The
13 standard shall be that employees pay at least 50 percent of normal
14 costs and that employers not pay any of the required employee
15 contribution.

16 (b) The “normal cost rate” shall mean the annual actuarially
17 determined normal cost for the plan of retirement benefits provided
18 to the new member and shall be established based on the actuarial
19 assumptions used to determine the liabilities and costs as part of
20 the annual actuarial valuation. The plan of retirement benefits shall
21 include any elements that would impact the actuarial determination
22 of the normal cost, including, but not limited to, the retirement
23 formula, eligibility and vesting criteria, ancillary benefit provisions,
24 and any automatic cost-of-living adjustments as determined by the
25 public retirement system.

26 (c) ~~(1)~~—New members employed by those public employers
27 defined in paragraphs (2) and (3) of subdivision (i) of Section
28 7522.04, the Legislature, the California State University, and the
29 judicial branch who participate in a defined benefit plan shall have
30 an initial contribution rate of at least 50 percent of the normal cost
31 rate for that defined benefit plan, rounded to the nearest quarter
32 of 1 percent, unless a greater contribution rate has been agreed to
33 pursuant to the requirements in subdivision (e). This contribution
34 shall not be paid by the employer on the employee’s behalf.

35 ~~(2) For purposes of this subdivision, “new member” does not~~
36 ~~include a member who is a judge who was elected to office prior~~
37 ~~to January 1, 2013, despite assuming the office of judge, and~~
38 ~~becoming a member of the Judges’ Retirement System II, for the~~
39 ~~first time on or after that date.~~

(d) Notwithstanding subdivision (c), once established, the employee contribution rate described in subdivision (c) shall not be adjusted on account of a change to the normal cost rate unless the normal cost rate increases or decreases by more than 1 percent of payroll above or below the normal cost rate in effect at the time the employee contribution rate is first established or, if later, the normal cost rate in effect at the time of the last adjustment to the employee contribution rate under this section.

(e) Notwithstanding subdivision (c), employee contributions may be more than one-half of the normal cost rate if the increase has been agreed to through the collective bargaining process, subject to the following conditions:

(1) The employer shall not contribute at a greater rate to the plan for nonrepresented, managerial, or supervisory employees than the employer contributes for other public employees, including represented employees, of the same employer who are in related retirement membership classifications.

(2) The employer shall not increase an employee contribution rate in the absence of a memorandum of understanding that has been collectively bargained in accordance with applicable laws.

(3) The employer shall not use impasse procedures to increase an employee contribution rate above the rate required by this section.

(f) If the terms of a contract, including a memorandum of understanding, between a public employer and its public employees, that is in effect on January 1, 2013, would be impaired by any provision of this section, that provision shall not apply to the public employer and public employees subject to that contract until the expiration of that contract. A renewal, amendment, or any other extension of that contract shall be subject to the requirements of this section.

SEC. 7. Section 7522.32 of the Government Code is amended to read:

7522.32. For the purposes of determining a retirement benefit to be paid to a new member of a public retirement system, the following shall apply:

(a) Final compensation shall mean the highest average annual pensionable compensation earned by the member during a period of at least 36 consecutive months, or at least three consecutive school years if applicable, immediately preceding his or her

1 retirement or last separation from service if earlier, or during any
2 other period of at least 36 consecutive months, or at least three
3 consecutive school years if applicable, during the member's
4 applicable service that the member designates on the application
5 for retirement.

6 (b) On or after January 1, 2013, an employer shall not modify
7 a benefit plan to permit a calculation of final compensation on a
8 basis of less than the average annual compensation earned by the
9 member during a consecutive 36-month period, or three school
10 years if applicable, for members who have been subject to at least
11 a 36-month or three-school-year calculation prior to that date.

12 SEC. 8. Section 7522.34 of the Government Code is amended
13 to read:

14 7522.34. (a) "Pensionable compensation" of a new member
15 of any public retirement system means the normal monthly rate
16 of pay or base pay of the member paid in cash to similarly situated
17 members of the same group or class of employment for services
18 rendered on a full-time basis during normal working hours,
19 pursuant to publicly available pay schedules, subject to the
20 limitations of subdivision (c).

21 (b) Compensation that has been deferred shall be deemed
22 pensionable compensation when earned rather than when paid.

23 (c) Notwithstanding any other law, "pensionable compensation"
24 of a new member does not include the following:

25 (1) Any compensation determined by the board to have been
26 paid to increase a member's retirement benefit under that system.

27 (2) Compensation that had previously been provided in kind to
28 the member by the employer or paid directly by the employer to
29 a third party other than the retirement system for the benefit of the
30 member and which was converted to and received by the member
31 in the form of a cash payment.

32 (3) Any one-time or ad hoc payments made to a member.

33 (4) Severance or any other payment that is granted or awarded
34 to a member in connection with or in anticipation of a separation
35 from employment, but is received by the member while employed.

36 (5) Payments for unused vacation, annual leave, personal leave,
37 sick leave, or compensatory time off, however denominated,
38 whether paid in a lump sum or otherwise, regardless of when
39 reported or paid.

1 (6) Payments for additional services rendered outside of normal
2 working hours, whether paid in a lump sum or otherwise.

3 (7) Any employer-provided allowance, reimbursement, or
4 payment, including, but not limited to, one made for housing,
5 vehicle, or uniforms.

6 (8) Compensation for overtime work, other than as defined in
7 Section 207(k) of Title 29 of the United States Code.

8 (9) Employer contributions to deferred compensation or defined
9 contribution plans.

10 (10) Any bonus paid in addition to the compensation described
11 in subdivision (a).

12 (11) Any other form of compensation a public retirement board
13 determines is inconsistent with the requirements of subdivision
14 (a).

15 (12) Any other form of compensation a public retirement board
16 determines should not be pensionable compensation.

17 (13) (A) Any form of compensation identified that has been
18 agreed to be nonpensionable pursuant to a memorandum of
19 understanding for employees bound by the memorandum of
20 understanding. The employer subject to the memorandum of
21 understanding shall inform the retirement system of the excluded
22 compensation and provide a copy of the memorandum of
23 understanding.

24 (B) The employer may determine if excluded compensation
25 identified in subparagraph (A) shall apply to nonrepresented
26 employees who are aligned with employees subject to the
27 memorandum of understanding described in subparagraph (A).
28 The employer shall inform the retirement system of the ~~inclusion~~
29 *exclusion* of this compensation and provide a copy of the public
30 pay schedule detailing the exclusion.

31 SEC. 9. Section 7522.40 of the Government Code is amended
32 to read:

33 7522.40. (a) A public employer shall not provide to a public
34 employee who is elected or appointed, a trustee, excluded from
35 collective bargaining, exempt from civil service, or a manager any
36 vesting schedule for the employer contribution payable for
37 postretirement health benefits that is more advantageous than that
38 provided generally to other public employees, including represented
39 employees, of the same public employer who are in related
40 retirement membership classifications.

(b) This section shall not require an employer to change the vesting schedule for the employer contribution payable for postretirement health benefits of any public employee who was subject to a specific vesting schedule pursuant to statute, collective bargaining agreement or resolution for these employer contributions prior to January 1, 2013, or who had a contractual agreement with an employer prior to January 1, 2013, for a specific vesting schedule for these employer contributions.

SEC. 10. Section 7522.43 of the Government Code is amended to read:

7522.43. (a) A public employer shall not offer a plan of replacement benefits for members and any survivors or beneficiaries whose retirement benefits are limited by Section 415 of Title 26 of the United States Code. This section shall apply to new members.

(b) A public retirement system may continue to administer a plan of replacement benefits for employees first hired prior to January 1, 2013.

(c) A public employer that does not offer a plan of replacement benefits prior to January 1, 2013, shall not offer such a plan for any employee on or after January 1, 2013.

(d) A public employer that offers a plan of replacement benefits prior to January 1, 2013, shall not offer such a plan to any additional employee group to which the plan was not provided prior to January 1, 2013.

SEC. 11. Section 7522.56 of the Government Code is amended to read:

7522.56. (a) This section shall apply to any person who is receiving a pension benefit from a public retirement system and shall supersede any other provision in conflict with this section.

(b) A retired person shall not serve, be employed by, or be employed through a contract directly by, a public employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement, except as permitted by this section.

(c) A person who retires from a public employer may serve without reinstatement from retirement or loss or interruption of benefits provided by the retirement system upon appointment by the appointing power of a public employer either during an emergency to prevent stoppage of public business or because the

1 retired person has skills needed to perform work of limited
2 duration.

3 (d) Appointments of the person authorized under this section
4 shall not exceed a total for all employers in that public retirement
5 system of 960 hours or other equivalent limit, in a calendar or
6 fiscal year, depending on the administrator of the system. The rate
7 of pay for the employment shall not be less than the minimum,
8 nor exceed the maximum, paid by the employer to other employees
9 performing comparable duties, divided by 173.333 to equal an
10 hourly rate. A retired person whose employment without
11 reinstatement is authorized by this section shall acquire no service
12 credit or retirement rights under this section with respect to the
13 employment unless he or she reinstates from retirement.

14 (e) (1) Notwithstanding subdivision (c), any retired person shall
15 not be eligible to serve or be employed by a public employer if,
16 during the 12-month period prior to an appointment described in
17 this section, the retired person received any unemployment
18 insurance compensation arising out of prior employment subject
19 to this section with a public employer. A retiree shall certify in
20 writing to the employer upon accepting an offer of employment
21 that he or she is in compliance with this requirement.

22 (2) A retired person who accepts an appointment after receiving
23 unemployment insurance compensation as described in this
24 subdivision shall terminate that employment on the last day of the
25 current pay period and shall not be eligible for reappointment
26 subject to this section for a period of 12 months following the last
27 day of employment.

28 (f) A retired person shall not be eligible to be employed pursuant
29 to this section for a period of 180 days following the date of
30 retirement unless he or she meets one of the following conditions:

31 (1) The employer certifies the nature of the employment and
32 that the appointment is necessary to fill a critically needed position
33 before 180 days have passed and the appointment has been
34 approved by the governing body of the employer in a public
35 meeting. The appointment may not be placed on a consent calendar.

36 (2) The state employer certifies the nature of the employment
37 and that the appointment is necessary to fill a critically needed
38 state employment position before 180 days have passed and the
39 appointment has been approved by the Department of Human
40 Resources. The department may establish a process to delegate

1 appointing authority to individual state agencies, but shall audit
2 the process to determine if abuses of the system occur. If necessary,
3 the department may assume an agency's appointing authority for
4 retired workers and may charge the department an appropriate
5 amount for administering that authority.

6 (3) The retiree is eligible to participate in the Faculty Early
7 Retirement Program pursuant to a collective bargaining agreement
8 with the California State University that existed prior to January
9 1, 2013, or has been included in subsequent agreements.

10 (4) The retiree is a public safety officer or firefighter hired to
11 perform a function or functions regularly performed by a public
12 safety officer or firefighter.

13 (g) A retired person who accepted a retirement incentive upon
14 retirement shall not be eligible to be employed pursuant to this
15 section for a period of 180 days following the date of retirement
16 and subdivision (f) shall not apply.

17 (h) This section shall not apply to a person who is retired from
18 the State Teachers' Retirement System, and who is subject to
19 Section 24214, 24214.5, or 26812 of the Education Code.

20 (i) This section shall not apply to (1) a subordinate judicial
21 officer whose position, upon retirement, is converted to a judgeship
22 pursuant to Section 69615, and he or she returns to work in the
23 converted position, and the employer is a trial court, or (2) a retiree
24 who takes office as a judge of a court of record pursuant to Article
25 VI of the California Constitution or a retiree of the Judges'
26 Retirement System or the Judges' Retirement System II who is
27 appointed to serve as a retired judge.

28 SEC. 12. Section 7522.66 of the Government Code is repealed.

29 SEC. 13. Section 7522.72 of the Government Code is amended
30 to read:

31 7522.72. (a) This section shall apply to a public employee first
32 employed by a public employer or first elected or appointed to an
33 office before January 1, 2013, and, on and after that date, Section
34 7522.70 shall not apply.

35 (b) (1) If a public employee is convicted by a state or federal
36 trial court of any felony under state or federal law for conduct
37 arising out of or in the performance of his or her official duties, in
38 pursuit of the office or appointment, or in connection with
39 obtaining salary, disability retirement, service retirement, or other
40 benefits, he or she shall forfeit all accrued rights and benefits in

1 any public retirement system in which he or she is a member to
2 the extent provided in subdivision (c) and shall not accrue further
3 benefits in that public retirement system, effective on the date of
4 the conviction.

5 (2) If a public employee who has contact with children as part
6 of his or her official duties is convicted of a felony that was
7 committed within the scope of his or her official duties against or
8 involving a child who he or she has contact with as part of his or
9 her official duties, he or she shall forfeit all accrued rights and
10 benefits in any public retirement system in which he or she is a
11 member to the extent provided in subdivision (c) and shall not
12 accrue further benefits in that public retirement system, effective
13 on the date of the conviction.

14 (c) (1) A public employee shall forfeit all the rights and benefits
15 earned or accrued from the earliest date of the commission of any
16 felony described in subdivision (b) to the forfeiture date, inclusive.
17 The rights and benefits shall remain forfeited notwithstanding any
18 reduction in sentence or expungement of the conviction following
19 the date of the public employee's conviction. Rights and benefits
20 attributable to service performed prior to the date of the first
21 commission of the felony for which the public employee was
22 convicted shall not be forfeited as a result of this section.

23 (2) For purposes of this subdivision, "forfeiture date" means
24 the date of the conviction.

25 (d) (1) Any contributions to the public retirement system made
26 by the public employee described in subdivision (b) on or after
27 the earliest date of the commission of any felony described in
28 subdivision (b) shall be returned, without interest, to the public
29 employee upon the occurrence of a distribution event unless
30 otherwise ordered by a court or determined by the pension
31 administrator.

32 (2) Any funds returned to the public employee pursuant to
33 subdivision (d) shall be disbursed by electronic funds transfer to
34 an account of the public employee, in a manner conforming with
35 the requirements of the Internal Revenue Code, and the public
36 retirement system shall notify the court and the district attorney
37 at least three business days before that disbursement of funds.

38 (3) For the purposes of this subdivision, a "distribution event"
39 means any of the following:

40 (A) Separation from employment.

1 (B) Death of the member.

2 (C) Retirement of the member.

3 (e) (1) Upon conviction, a public employee as described in
4 subdivision (b) and the prosecuting agency shall notify the public
5 employer who employed the public employee at the time of the
6 commission of the felony within 60 days of the felony conviction
7 of all of the following information:

8 (A) The date of conviction.

9 (B) The date of the first known commission of the felony.

10 (2) The operation of this section is not dependent upon the
11 performance of the notification obligations specified in this
12 subdivision.

13 (f) The public employer that employs or employed a public
14 employee described in subdivision (b) and that public employee
15 shall each notify the public retirement system in which the public
16 employee is a member of that public employee's conviction within
17 90 days of the conviction. The operation of this section is not
18 dependent upon the performance of the notification obligations
19 specified in this subdivision.

20 (g) A public retirement system may assess a public employer a
21 reasonable amount to reimburse the cost of audit, adjustment, or
22 correction, if it determines that the public employer failed to
23 comply with this section.

24 (h) If a public employee's conviction is reversed and that
25 decision is final, the employee shall be entitled to do either of the
26 following:

27 (1) Recover the forfeited rights and benefits as adjusted for the
28 contributions received pursuant to subdivision (d).

29 (2) Redeposit those contributions and interest that would have
30 accrued during the forfeiture period, as determined by the system
31 actuary, and then recover the full amount of the forfeited rights
32 and benefits.

33 (i) The forfeiture of rights and benefits provided in this section,
34 with respect to judges, are in addition to and supplement the
35 forfeitures and other requirements provided in Section 75033.2,
36 75062, 75526, or 75563. If there is a conflict between this section
37 and Section 75033.2, 75062, 75526, or 75563, the provisions that
38 result in the greatest forfeiture or provide the most stringent
39 procedural requirements to the claim of a judge shall apply.

1 (j) A public employee first employed by a public employer or
2 first elected or appointed to an office on or after January 1, 2013,
3 shall be subject to Section 7522.74.

4 SEC. 14. Section 7522.74 of the Government Code is amended
5 to read:

6 7522.74. (a) This section shall apply to a public employee first
7 employed by a public employer or first elected or appointed to an
8 office on or after January 1, 2013, and on and after that date,
9 Section 7522.70 shall not apply.

10 (b) (1) If a public employee is convicted by a state or federal
11 trial court of any felony under state or federal law for conduct
12 arising out of or in the performance of his or her official duties, in
13 pursuit of the office or appointment, or in connection with
14 obtaining salary, disability retirement, service retirement, or other
15 benefits, he or she shall forfeit all accrued rights and benefits in
16 any public retirement system in which he or she is a member to
17 the extent provided in subdivision (c) and shall not accrue further
18 benefits in that public retirement system, effective on the date of
19 the conviction.

20 (2) If a public employee who has contact with children as part
21 of his or her official duties is convicted of a felony that was
22 committed within the scope of his or her official duties against or
23 involving a child who he or she has contact with as part of his or
24 her official duties, he or she shall forfeit all accrued rights and
25 benefits in any public retirement system in which he or she is a
26 member to the extent provided in subdivision (c) and shall not
27 accrue further benefits in that public retirement system, effective
28 on the date of the conviction.

29 (c) (1) A public employee shall forfeit all the rights and benefits
30 earned or accrued from the earliest date of the commission of any
31 felony described in subdivision (b) to the forfeiture date, inclusive.
32 The rights and benefits shall remain forfeited notwithstanding any
33 reduction in sentence or expungement of the conviction following
34 the date of the public employee's conviction. Rights and benefits
35 attributable to service performed prior to the date of the first
36 commission of the felony for which the public employee was
37 convicted shall not be forfeited as a result of this section.

38 (2) For purposes of this subdivision, "forfeiture date" means
39 the date of the conviction.

1 (d) (1) Any contributions to the public retirement system made
2 by the public employee described in subdivision (b) on or after
3 the earliest date of the commission of any felony described in
4 subdivision (b) shall be returned, without interest, to the public
5 employee upon the occurrence of a distribution event unless
6 otherwise ordered by a court or determined by the pension
7 administrator.

8 (2) Any funds returned to the public employee pursuant to
9 subdivision (d) shall be disbursed by electronic funds transfer to
10 an account of the public employee, in a manner conforming with
11 the requirements of the Internal Revenue Code, and the public
12 retirement system shall notify the court and the district attorney
13 at least three business days before that disbursement of funds.

14 (3) For the purposes of this subdivision, a “distribution event”
15 means any of the following:

16 (A) Separation from employment.

17 (B) Death of the member.

18 (C) Retirement of the member.

19 (e) (1) Upon conviction, a public employee as described in
20 subdivision (b) and the prosecuting agency shall notify the public
21 employer who employed the public employee at the time of the
22 commission of the felony within 60 days of the felony conviction
23 of all of the following information:

24 (A) The date of conviction.

25 (B) The date of the first known commission of the felony.

26 (2) The operation of this section is not dependent upon the
27 performance of the notification obligations specified in this
28 subdivision.

29 (f) The public employer that employs or employed a public
30 employee described in subdivision (b) and that public employee
31 shall each notify the public retirement system in which the public
32 employee is a member of that public employee’s conviction within
33 90 days of the conviction. The operation of this section is not
34 dependent upon the performance of the notification obligations
35 specified in this subdivision.

36 (g) A public retirement system may assess a public employer a
37 reasonable amount to reimburse the cost of audit, adjustment, or
38 correction, if it determines that the public employer failed to
39 comply with this section.

(h) If a public employee's conviction is reversed and that decision is final, the employee shall be entitled to do either of the following:

(1) Recover the forfeited rights and benefits as adjusted for the contributions received pursuant to subdivision (d).

(2) Redeposit those contributions and interest that would have accrued during the forfeiture period, as determined by the system actuary, and then recover the full amount of the forfeited rights and benefits.

(i) The forfeiture of rights and benefits provided in this section, with respect to judges, are in addition to and supplement the forfeitures and other requirements provided in Section 75033.2, 75062, 75526, or 75563. If there is a conflict between this section and Section 75033.2, 75062, 75526, or 75563, the provisions that result in the greatest forfeiture or provide the most stringent procedural requirements to the claim of a judge shall apply.

(j) A public employee first employed by a public employer or first elected or appointed to an office before January 1, 2013, shall be subject to Section 7522.72.

SEC. 15. Section 20683.2 of the Government Code is amended to read:

20683.2. Equal sharing of normal costs between the state employer and public employees shall be the standard. It shall be the standard that employees pay at least 50 percent of normal costs and that employers not pay any of the required employee contribution. Equal sharing of normal costs is currently the standard for most state employees.

(a) Notwithstanding any other section of this code, or other provision of law in conflict with this section, except as provided in Section 7522.30, normal contribution rates for defined benefit plans for state employees of public employers as defined in paragraph (1) of subdivision (i) of Section 7522.04, excluding the California State University, which shall be subject to subdivision (b), shall be determined as follows:

(1) Normal cost contribution rates shall increase as follows:

(A) The contribution rate for State Peace Officer/Firefighter members in State Bargaining Unit 6 and for State Safety members in State Bargaining Units 1, 3, 4, 7, 9, 10, 11, 14, 15, 17, 20, and 21 will increase by 1.0 percentage point on July 1, 2013, and will increase by an additional 1.0 percentage point on July 1, 2014.

1 (B) The contribution rate for State Peace Officer/Firefighter
2 members in State Bargaining Units 7 and 8 will increase by 1.5
3 percentage points on July 1, 2013, and will increase by an
4 additional 1.5 percentage points on July 1, 2014.

5 (C) The contribution rate for state industrial members in State
6 Bargaining Units 1, 3, 4, 6, 9, 10, 11, 14, 15, 17, and 20 will
7 increase by 1.0 percentage point on July 1, 2013.

8 (D) The contribution rate for state miscellaneous and industrial
9 members that have elected the Second Tier benefit formula will
10 increase by 1.5 percentage points annually starting July 1, 2013.
11 The final annual increase in the contribution rate shall be adjusted
12 as appropriate.

13 (E) The contribution rate for State Safety members in State
14 Bargaining Unit 2 and state miscellaneous members in State
15 Bargaining Unit 5 will increase by 1.0 percentage point on July 1,
16 2013.

17 (F) The contribution rate for Patrol members in State Bargaining
18 Unit 5 will increase by 1.5 percentage points on July 1, 2013.

19 (2) Consistent with paragraph (1), the normal rate of contribution
20 shall be adjusted accordingly for related state employees who are
21 exempted from the definition of “state employee,” who are
22 excluded from collective bargaining, or who are officers or
23 employees of the executive, legislative, or judicial branch of state
24 government who are not members of the civil service.

25 (b) On and after January 1, 2018, the California State University
26 may require that members pay at least 50 percent of the normal
27 cost of benefits, provided that their contribution shall be no more
28 than 8 percent of pay for miscellaneous members subject to Section
29 21354.1, no more than 11 percent of pay for safety members, and
30 no more than 13 percent of pay for peace officer/firefighter
31 members.

32 (A) Before implementing any change pursuant to this paragraph,
33 for any represented employees, the employer shall complete the
34 good faith bargaining process as required by Chapter 12
35 (commencing with Section 3560) of Division 4 of Title 1, including
36 any impasse procedures requiring mediation and factfinding.

37 (B) Nothing in this section shall preclude employees of the
38 California State University from agreeing to contribute more than
39 the costs described in this subdivision for any benefit.

1 (C) The Legislature authorizes to the California State University
2 to increase member contribution rates pursuant to this paragraph,
3 while reserving the right to adjust contribution rates under Section
4 20689 of the Government Code.

5 (c) Calculation of employee contribution rate increases pursuant
6 to this section shall be based upon compensation calculations
7 established pursuant to Sections 20671 to 20694, inclusive.

8 (d) In addition to the actuarially required contribution, savings
9 realized by the state employer as a result of the employee
10 contribution rate increases required by this section shall be
11 allocated to any unfunded liability, subject to appropriation in the
12 annual Budget Act.

13 SEC. 16. Section 21400 of the Government Code is amended
14 to read:

15 21400. (a) A safety member who retires on or after January
16 1, 2013, for industrial disability shall receive a disability retirement
17 benefit equal to the greater of the following:

18 (1) Fifty percent of his or her final compensation, plus an annuity
19 purchased with his or her accumulated additional contributions, if
20 any.

21 (2) A service retirement allowance, if he or she is qualified for
22 service retirement.

23 (3) An actuarially reduced factor, as determined by the actuary,
24 for each quarter year that his or her service age is less than 50
25 years, multiplied by the number of years of safety service subject
26 to the applicable formula, if he or she is not qualified for service
27 retirement.

28 (4) Nothing in this section shall require a member to receive a
29 lower benefit than he or she would have received prior to January
30 1, 2013, as the law provided prior to that date.

31 (b) This section shall remain in effect only until January 1, 2018,
32 and as of that date is repealed, unless a later enacted statute, that
33 is enacted before January 1, 2018, deletes or extends that date.

34 SEC. 17. Section 31494.1 of the Government Code is amended
35 to read:

36 31494.1. (a) In accordance with the provisions of this section,
37 general members, whose retirement benefits are governed by the
38 noncontributory plan created by this article, may transfer to the
39 contributory plan. Contributory plan shall mean Retirement Plan
40 D. Transfer may be made by election upon written application

1 executed by the member and filed with the board on or before the
2 election date and shall be effective on the transfer date, subject to
3 the terms and conditions set forth in this section. The election date
4 shall be that date identified in the resolution adopted by the board
5 of supervisors declaring this section to be operative. The transfer
6 date shall be that date on which the member completes deposit of
7 all contributions required by Section 31494.3. The election is
8 voluntary and may be revoked upon written notice received by the
9 board prior to the transfer date.

10 (b) The retirement benefits of members electing to transfer and
11 transferred members shall be governed and defined by this section.
12 In the event of conflict, this section shall supersede and prevail
13 over other provisions, or application of provisions, otherwise
14 contained in this article.

15 (c) Transferred members relinquish, waive, and forfeit any and
16 all vested or accrued benefits available under any other retirement
17 plan provided to members of the retirement system, and shall be
18 entitled only to the benefits available under the contributory plan.

19 (d) Transferred members shall receive retirement service credit
20 for that period of service with the employer, for which the members
21 were otherwise eligible to receive credit under the plan created by
22 this article. Transferred members shall also receive retirement
23 service credit for that period of service for which the member made
24 contributions pursuant to Section 31490.5.

25 (e) Transferred members may receive retirement service credit
26 for service other than that with the employer, for which the
27 members were credited or were eligible to receive credit under the
28 plan created by this article, by written application executed by the
29 member and filed with the board on or before the election date.

30 (f) The employer, the members who have elected to transfer,
31 and transferred members shall make contributions to the retirement
32 fund in accordance with the rates, and in the same manner, as
33 prescribed under the contributory plan. The monthly contributions
34 shall commence for the month next following the transfer date or
35 that date 120 days after the election date, whichever is earlier.

36 (g) For purposes of calculating member contributions required
37 under Section 31494.3, the entry age of a transferred member shall
38 be that entry age as reflected in the retirement records maintained
39 on behalf of the board.

1 (h) Failure of a member to deposit the contributions at the time
2 and in the manner required by subdivision (a) of Section 31494.3
3 shall result in the cancellation of his or her election to transfer.

4 (i) Failure of a member to deposit the contributions at the time
5 and in the manner required by subdivision (b) or (c) of Section
6 31494.3 shall result in the cancellation and forfeiture of his or her
7 right to elect credit for other service under subdivision (e).

8 (j) Prior to the transfer date, the rights to retirement, disability,
9 survivors, and death benefits of members who have made the
10 election to transfer shall remain the same as defined and governed
11 by this article. If those members die, terminate service, or make
12 application for retirement prior to the transfer date, or fail to deposit
13 all required contributions as required by Section 31494.3, all
14 member contributions and regular interest shall be refunded to the
15 member or member's survivor.

16 (k) Notwithstanding any other provision contained in this section
17 or Section 31494.3, in the event of the death of a member who has
18 elected to transfer prior to the transfer date, the spouse of the
19 member, or the minor children of the member if no spouse survives
20 the member, may elect to pay the balance of contributions required
21 by Section 31494.3, and if the contributions are deposited in the
22 retirement fund within 120 days after the death of the member, the
23 spouse of the member, or if no spouse survives the member, the
24 minor children of the member, shall be entitled to rights and
25 benefits as if the deceased member had deposited all contributions
26 required by Section 31494.3.

27 (l) Prior to the transfer date, the rights to retirement, disability,
28 survivors, and death benefits of members who have made the
29 election to transfer shall remain the same as defined and governed
30 by this article. If those members die, terminate service, or make
31 application for retirement prior to the transfer date, all member
32 contributions and regular interest shall be refunded to the member
33 or the member's survivor.

34 (m) This section shall be operative at such time or times as may
35 be mutually agreed to in memoranda of understanding executed
36 by the employer and employee representatives if the board of
37 supervisors adopts, by majority vote, a resolution declaring that
38 the section shall be operative.

39 SEC. 18. Section 31800 of the Government Code is amended
40 to read:

1 31800. (a) Except as provided in subdivision (b), the provisions
2 of this article shall be applicable to any member who is subject to
3 the federal old age and survivors insurance provisions of the federal
4 Social Security Act, when the governing board of the county or
5 district in which the member is employed adopts by majority vote
6 a resolution providing that this article shall be applicable to all
7 members in such county or district who are subject to the federal
8 system. The provisions of this article shall become fully effective
9 and operative on the date specified in such resolution; provided,
10 however, such resolution shall have received prior approval by
11 majority affirmative vote of eligible members employed by the
12 county or district in a referendum conducted in accordance with
13 the provisions of Article 2 of Chapter 2 of Part 4 of Division 5 of
14 Title 2 of this code. Nothing in this article shall be construed as
15 negating or in any way affecting the validity of a referendum vote
16 conducted prior to the enactment of this article, whereby a majority
17 of members employed by a county or district voted in favor of
18 federal old age and survivors insurance coverage on a purely
19 additive or supplemental basis.

20 (b) Notwithstanding subdivision (a), this article shall not be
21 applied to any member or to the service, contributions, or benefits
22 of any member that, on or after January 1, 2013, is subject to the
23 provisions of the California Public Employees' Pension Reform
24 Act of 2013. Nothing herein shall preclude a member who is
25 subject to the California Public Employees' Pension Reform Act
26 of 2013 and whose position is included in an agreement between
27 the state and federal government for coverage under the old age
28 and survivors insurance provisions of the federal Social Security
29 Act from also being subject to that federal system as a
30 supplementation system under which the social security benefits
31 shall be in addition to unintegrated retirement benefits.

32 SEC. 19. Section 31808 of the Government Code is amended
33 to read:

34 31808. (a) Except as provided in subdivision (c), in any county
35 or district subject to the provisions of Section 31676.1, 31676.11,
36 31676.13, or 31676.14, the retirement allowance payable for
37 retirement service rendered prior to the effective date of the
38 resolution mentioned in Section 31800 shall be computed in
39 accordance with the provisions of Section 31676.1, 31676.11,
40 31676.13, or 31676.14, whichever is applicable. Except as provided

1 in subdivision (b), the retirement allowance with respect to service
2 performed after May 31, 1957, shall equal the total of the
3 following:

4 (1) The fraction of one-ninetieth of the first three hundred fifty
5 dollars (\$350) monthly of the member's final compensation set
6 forth in the table appearing in Section 31676.1, 31676.11,
7 31676.13, or 31676.14, whichever is applicable, in the column
8 applicable to the member's age at retirement taken to the preceding
9 completed quarter year multiplied by the number of years of
10 creditable service as provided therein.

11 (2) The fraction of one-sixtieth of any remaining portion of the
12 member's final compensation set forth in the table appearing in
13 Section 31676.1, 31676.11, 31676.13, or 31676.14, whichever is
14 applicable, in the column applicable to the member's age at
15 retirement taken to the preceding completed quarter year multiplied
16 by the number of years of creditable service.

17 (b) With respect to persons who become members of a county
18 retirement system after the effective date of the amendments to
19 this section enacted at the 1979–80 Regular Session, the retirement
20 allowance shall equal the following:

21 (1) The fraction of one-ninetieth of the first one thousand fifty
22 dollars (\$1,050) monthly of the member's final compensation set
23 forth in the table appearing in Section 31676.1, 31676.11,
24 31676.13, or 31676.14, whichever is applicable, in the column
25 applicable to the member's age at retirement taken to the preceding
26 completed quarter year multiplied by the number of years of
27 creditable service as provided therein.

28 (2) The fraction of one-sixtieth of any remaining portion of the
29 member's final compensation set forth in the table appearing in
30 Section 31676.1, 31676.11, 31676.13, or 31676.14, whichever is
31 applicable, in the column applicable to the member's age at
32 retirement taken to the preceding completed quarter year multiplied
33 by the number of years of creditable service.

34 (3) This subdivision may be made applicable in any county of
35 over six million population on the first day of the month after the
36 board of supervisors of such county adopts by majority vote a
37 resolution providing that this subdivision shall become applicable
38 in such county.

39 (c) This section shall not apply to the retirement allowance of
40 a person who becomes a member of a county retirement system

1 under a benefit plan established pursuant to Section 7522.20 or
2 7522.25.

3 SEC. 20. Section 31812 of the Government Code is amended
4 to read:

5 31812. (a) Except as provided in subdivision (c), each member
6 shall continue to contribute as provided for in Article 6
7 (commencing with Section 31620) or (in case of those members
8 defined in Sections 31470.2, 31470.4, and 31470.6) Article 6.8
9 (commencing with Section 31639) of this chapter less an amount
10 equal to one-third of that portion of such contribution which is
11 payable with respect to the first three hundred fifty dollars (\$350)
12 monthly wage, or in counties where the board of supervisors
13 pursuant to subdivision (b) of Section 31808.6 elects to compute
14 the retirement allowance of safety members according to the
15 provisions of Section 31664, each safety member shall make
16 contributions as provided for in Article 6.8 of this chapter with
17 respect to all of his or her monthly wage.

18 (b) (1) With respect to persons who become members of a
19 county retirement system after the effective date of the amendments
20 to this section enacted at the 1979–80 Regular Session, each
21 member shall contribute as provided for in Article 6 (commencing
22 with Section 31620) or (in case of those members defined in
23 Sections 31470.2, 31470.4, and 31470.6) Article 6.8 (commencing
24 with Section 31639) of this chapter less an amount equal to
25 one-third of that portion of such contribution which is payable
26 with respect to the first one thousand fifty dollars (\$1,050) monthly
27 wage, or in counties where the board of supervisors pursuant to
28 subdivision (b) of Section 31808.6 elects to compute the retirement
29 allowance of safety members according to the provisions of Section
30 31664, each safety member shall make contributions as provided
31 for in Article 6.8 of this chapter with respect to all of his or her
32 monthly wage.

33 (2) This subdivision may be made applicable in any county of
34 over six million population on the first day of the month after the
35 board of supervisors of such county adopts by majority vote a
36 resolution providing that this subdivision shall become applicable
37 in such county.

38 (c) This section shall not apply to the retirement allowance of
39 a person who becomes a member of a county retirement system

1 under a benefit plan established pursuant to Section 7522.20 or
2 7522.25.

3 SEC. 21. This act is an urgency statute necessary for the
4 immediate preservation of the public peace, health, or safety within
5 the meaning of Article IV of the Constitution and shall go into
6 immediate effect. The facts constituting the necessity are:

7 In order to address technical problems and avoid costly and
8 unnecessary changes to retirement systems in implementing the
9 California Public Employees' Pension Reform Act of 2013
10 (Chapter 296 of the Statutes of 2012), it is necessary for this act
11 to take effect immediately.

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